

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

WAYNE HOUSING COMMISSION

Financial Statements

December 31, 2005

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

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MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING DECEMBER 31, 2005

This discussion and analysis of the Wayne Housing Commission's financial performance for fiscal year ending December 31, 2005 should be read in conjunction with the auditor's opinion letter and the financial statements.

Entity-Wide Statements

The combined financial statements show, in one place, all the Commission's operations. Our statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses conducted with the fiscal year are taken into account even if the cash involved has not actually been received or paid. The Financial Data Schedule included within the audit report contains all the programs of the Commission.

Fund Statements

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Proprietary Fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Finance Domestic Assistance (CFDA) numbers

Statement of Net Assets

Increase	<u>Year 2005</u>	<u>Year 2004</u>	<u>(Decrease)</u>
Cash – Total	<u>\$ 74,313</u>	<u>\$ 124,737</u>	<u>\$ (50,424)</u>
Total Current Assets	<u>\$ 5,457</u>	<u>\$ 980</u>	<u>4,477</u>
Total Non-Current Assets	<u>\$845,002</u>	<u>\$ 952,883</u>	<u>\$(107,881)</u>
TOTAL ASSETS	<u>\$924,772</u>	<u>\$1,078,600</u>	<u>\$(153,828)</u>
Current Liabilities	<u>\$ 45,467</u>	<u>\$60,100</u>	<u>\$(14,633)</u>
Other Liabilities	<u>\$ 12,633</u>	<u>\$ 0</u>	<u>\$ 12,633</u>
Prepaid Rent	<u>\$ 3,026</u>	<u>\$ 823</u>	<u>\$ 2,203</u>
Non-Current Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>\$ 61,126</u>	<u>\$60,923</u>	<u>\$ 203</u>
Invested in Capital Assets	<u>\$845,002</u>	<u>\$ 952,883</u>	<u>\$(107,881)</u>
Unrestricted Assets	<u>\$ 34,303</u>	<u>\$ 65,617</u>	<u>\$(31,314)</u>
TOTAL NET ASSETS	<u>\$879,305</u>	<u>\$1,018,500</u>	<u>\$(139,195)</u>

Cash decreased as a result of excess expenses over revenues. Expenses less depreciation were \$ 317,710, and revenues were \$ 285,925.

Fixed assets decreased by the amount of depreciation expense for the year.

ANALYSIS OF REVENUE AND EXPENSES PRIOR AND CURRENT FISCAL YEAR:

	Year Ending December 31, <u>Year 2005</u>	<u>Year 2004</u>	<u>%</u>
REVENUE			
Tenant Revenue	\$169,427	\$167,107	1%
HUD Operating Grants	\$115,749	\$138,809	(17)%
Capital Grants	\$ 0	\$ 33,761	(100)%
Investment Income	\$ 759	\$ 308	147%
Other Revenue	<u>\$ 0</u>	<u>\$ 53</u>	<u>(100)%</u>
TOTAL REVENUE	<u>\$285,935</u>	<u>\$340,038</u>	<u>(16)%</u>
EXPENSES			
Administrative Expenses (Salary)	\$ 79,794	\$ 78,068	3%
Auditing Fees	\$ 2,600	\$ 2,600	0%
Compensated Absences	\$ 4,963	\$ (516)	- %
Employee Benefit Contributions (Admin)	\$ 37,783	\$ 36,440	4%
Other Operating – Administrative	\$ 22,295	\$ 26,576	(17)%
Utilities			
Water	\$ 10,214	\$ 7,397	39%
Electricity	\$ 3,464	\$ 3,553	(3)%
Gas	\$ 18,486	\$ 20,671	(11)%
Ordinary Maintenance (Labor)	\$ 52,905	\$ 54,613	(4)%
Ordinary Maintenance and Operations-			
Materials and Other	\$ 12,322	\$ 15,767	(22)%
Ordinary Maintenance and Operations-			
Contract Costs	\$ 18,565	\$ 8,208	127%
Employee Benefit Contributions-			
Ordinary Maintenance	\$ 24,692	\$ 23,110	7%
Insurance Premiums	\$ 16,954	\$ 17,624	(4)%
Payments in Lieu of Taxes	\$ 12,632	\$ 13,353	(6)%
Bad Debt – Tenant Rents	\$ 41	\$ 1,692	(98)%
Excess Operating Revenue over			
Operating Expenses	\$(28,749)	\$ 30,882	(194)%
Depreciation Expense	<u>\$108,061</u>	<u>\$106,461</u>	<u>2%</u>
TOTAL EXPENSES	<u>\$ 425,771</u>	<u>\$415,617</u>	<u>3%</u>

The significant changes are as follows:

The decrease in the Capital Grant expenditures in 2005 was due to a landscaping project that was not completed until 2006 when the funds were then expended.

The increase in the Ordinary Maintenance and Operations Contract Costs was due to repairs needed to our boilers, exterminators for mole infestation and unexpected carpet replacement due to move outs.

The decrease in the Bad Debt – Tenant Rents was due to uncollected rents caused by evictions in 2004. We did not have that situation in 2005.

COMMISSION'S POSITION

No significant change occurred in the Commission financial position during the year. We plan on using our capital improvement to replace tub surrounds and bathroom floors in our senior units.

The Commission expects to continue to provide safe, sanitary and decent housing for the low and moderately low income families.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Commissions finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Wayne Housing Commission, 4001 S Wayne Rd, Wayne, MI 48184

John C. DiPiero, P.C.

Certified Public Accountant

P. O. Box 378
Hemlock, Michigan 48626
Tel / Fax (989) 642-2092

Board of Commissioners
Wayne Housing Commission
4001 S Wayne Road
Wayne, Michigan 48184

Independent Auditor's Report

I have audited the Business Type Activities of the Wayne Housing Commission as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wayne Housing Commission as of December 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principals.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 20, 2006 on my consideration of the Wayne Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Required Supplemental Information

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but is supplemental information required by the *Governmental Auditing Standards* Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

Combining Financial Statements

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as whole.

Certified Public Accountant

April 20, 2006

WAYNE HOUSING COMMISSION
Statement of Net Assets
December 31, 2005

ASSETS

C-3065

CURRENT ASSETS

Cash	\$	74,313	
Accounts Receivable- Tenants		1,063	
Inventory- (net of allowance of \$ 50)		<u>4,394</u>	
Total Current Assets			\$ 79,770

NON CURRENT ASSETS

Land	\$	58,641	
Buildings		2,856,777	
Furniture, Equipment- Dwelling		46,256	
Furniture, Equipment- Administrative		65,528	
Accumulated Depreciation		<u>(2,182,200)</u>	
Total Non Current Assets			<u>845,002</u>

TOTAL ASSETS \$ 924,772

WAYNE HOUSING COMMISSION
Statement of Net Assets
December 31, 2005

LIABILITIES & NET ASSETS

C-3065

LIABILITIES:

CURRENT LIABILITIES

Accounts Payable	\$	1,793	
Accrued Payroll		2,667	
Compensated Absences- current		11,374	
Tenants Security Deposit		11,000	
Accounts Payable- Other Governments		12,633	
Deferred Revenue		<u>3,026</u>	
<u>Total Current Liabilities</u>	\$		48,493

NET ASSETS:

Invested in Capital Assets, net of Related Debt	\$	845,002	
Unrestricted Net Assets		<u>31,277</u>	
<u>Total Net Assets</u>			<u>876,279</u>

<u>TOTAL LIABILITIES & NET ASSETS</u>	\$	<u>924,772</u>
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The Accompanying Footnotes are an Integral Part of the Financial Statements

WAYNE HOUSING COMMISSION
Statement of Revenue, Expenses, and Changes in Net Assets
For the year ended December 31, 2005

OPERATING REVENUE

Tenant Rental Revenue	\$ 169,427	
HUD Grants	115,749	
Interest Income	<u>759</u>	
<u>Total Operating Revenue</u>		\$ 285,935

OPERATING EXPENSES

Administrative	\$ 147,435	
Utility Expenses	32,164	
Ordinary Maintenance	108,484	
General Expenses	<u>29,627</u>	
<u>Total Operating Expenses</u>		<u>317,710</u>
<u>Operating Income (Loss)</u>		\$ (31,775)

NONOPERATING REVENUE (EXPENSES)

Loss on Sale of Assets	\$ (2,385)	
Depreciation Expenses	<u>(108,061)</u>	
<u>Total NonOperating Revenue (Expenses)</u>		<u>(110,446)</u>
<u>Income (Loss) before Contributions</u>		\$ (142,221)

CAPITAL CONTRIBUTIONS

		<u>0</u>
<u>Changes in Net Assets</u>		\$ (142,221)
 Total Net Assets- Beginning		 <u>1,018,500</u>
 Total Net Assets- Ending		 \$ <u>876,279</u>

The Accompanying Notes are an Integral part of the Financial Statements

WAYNE HOUSING COMMISSION
Combined Statement of Cash Flows
For the Year Ended December 31, 2005

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 168,394
Payments to Suppliers	(194,098)
Payments to Employees	(132,699)
HUD Grants	115,749
Other Receipts (Payments)	<u>(1,626)</u>
Net Cash Provided (Used) by Operating Activities	\$ (44,280)

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	<u>(6,144)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (50,424)
Balance- Beginning of Year	<u>124,737</u>
Balance- End of Year	\$ <u>74,313</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ (142,221)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	108,061
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	(1,033)
Inventory	(3,444)
Changes in Liabilities Increase (Decrease):	
Accounts Payable	(18,891)
Accrued Payroll	(604)
Accrued Compensated Absences	4,963
Security Deposits	6,253
Accounts Payable-Other Governments	433
Deferred Revenue	<u>2,203</u>
Net Cash Provided by Operating Activities	\$ <u>(44,280)</u>

The Accompanying Notes are an Integral part of the Financial Statements

WAYNE HOUSING COMMISSION
Notes to Financial Statements
December 31, 2005

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity-

Wayne Housing Commission, Wayne, Michigan, (Commission) was created by ordinance of the city of Wayne. The Commission signed and Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 129	Low rent program	76 units
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In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. Based on the above, there are no component units.

These criteria were considered in determining the reporting entity.

Basis of Presentation-

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Notes to Financial Statements- continued

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, provided they do not conflict with Governmental Accounting Standards Board (GASB) pronouncements.

Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

Assets, Liabilities, and Net Assets-

Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Notes to Financial Statements- continued

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is reported as Invested in Capital Assets, Net of Related Debt.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Compensated Absences

Sick leave and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

General Fund Checking Accounts	\$ 73,913
Petty Cash & Change Fund	<u>400</u>
Financial Statement Total	\$ <u>74,313</u>

Notes to Financial Statements- continued

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

	<u>Categories</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Cash:					
Checking A/C's	\$ 73,913	\$	\$	\$ 73,913	\$ 73,913
Petty Cash	<u>400</u>			<u>400</u>	<u>400</u>
Total Cash	\$ <u>74,313</u>	\$	\$	\$ <u>74,313</u>	\$ <u>74,313</u>

Note 3: Inventory

Inventory consist of the following:

Materials Inventory	\$ 4,625
Less: Allowance for Obsolescence	<u>(231)</u>
Financial Statement Total	\$ <u>4,394</u>

Note 4: Fixed Assets and Depreciation.

Property and equipment, are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Generally buildings and improvements are written off over 40 years; furniture and equipment three to seven years.

The following represents the changes in fixed assets for the year:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Land	\$ 58,641	\$	\$	\$ 58,641
Buildings	2,922,558		65,781	2,856,777
Furniture & Equipment-Dwellings	40,112	6,144		46,256
Furniture & Equipment-Admin	<u>77,322</u>		<u>11,794</u>	<u>65,528</u>
	\$ 3,098,633	\$ 6,144	\$ 77,575	\$ 3,027,202
Less Accumulated Depreciation	<u>2,145,750</u>	<u>108,061</u>	<u>71,611</u>	<u>2,182,200</u>
	\$ <u>952,883</u>	\$ <u>(101,917)</u>	\$ <u>5,964</u>	\$ <u>845,002</u>

Notes to Financial Statements- continued

Note 5: Pension Plan

The Commission participates in the city of Wayne retirement plan for eligible full time employees. The Commission contributes a percentage of the employees compensation to the plan and recognizes an expense when paid. Plan assets and statistical information concerning the pension plan are contained in a separate report issued by the City.

Note 6: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 7: Combining Financial Data Schedules.

The totals in the combining Balance Sheet and combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Note 8: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 3,500,000
General Liability	1,000,000
Dishonesty Bond	1,000,000
Worker's Compensation and other riders:	
Coverage's required by the	
State of Michigan	

WAYNE HOUSING COMMISSION
General Comment
December 31, 2005

The Wayne Housing Commission (Commission) employees are City of Wayne employees. The Commission reimburses the City of Wayne for all wages, payroll taxes and benefits such as health insurance and pension cost for current employees; the Commission also will pay for retirees health benefits, however, no past employee is currently eligible for such benefits.

HUD has raised a question concerning paying post retirement benefits by Public Housing Agencies, especially when the relationship involves City employees. The current full time staff will become eligible for post retirement benefits in several years; whether those cost will be eligible or allowable will be determined by HUD.

Wayne Housing Commission

31-Dec-05

MI-029

	Account Description	Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	ASSETS:			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	74,313	-	74,313
112	Cash - restricted - modernization and developmer		-	-
113	Cash - other restricted			-
114	Cash - tenant security deposit	-	-	-
100	Total cash	74,313	-	74,313
	Accounts and notes receivables			
121	Accounts receivable - PHA project			-
122	Accounts receivable - HUD other project			-
124	Accounts receivable - other government			-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable- tenants - dwelling rent	1,063		1,063
126.1	Allowance for doubtful accounts - dwelling rent	-		-
126.2	Allowance for doubtful accounts - other	-		-
127	Notes and mortgages receivable- current			-
128	Fraud recovery			-
128.1	Allowance for doubtful accounts - fraud			-
129	Accrued interest receivable			-
120	Total receivables, net of allowances for doubtful accounts	1,063	-	1,063
	Current investments			-
131	Investments - unrestricted	-		-
132	Investments - restricted			-
142	Prepaid expenses and other assets	-	-	-
143	Inventories	4,625	-	4,625
143.1	Allowance for obsolete inventories	(231)	-	(231)
144	Interprogram - due from	-	-	-
146	Amounts to be provided			-
150	TOTAL CURRENT ASSETS	79,770	-	79,770
	NONCURRENT ASSETS:			
	Fixed assets:		-	
161	Land	58,641	-	58,641
162	Buildings	2,856,777	-	2,856,777
163	Furniture, equipment & machinery - dwelling	46,256	-	46,256
164	Furniture, equipment & machinery - administrative	65,528	-	65,528
165	Construction in Progress	-	-	-
166	Accumulated depreciation	(2,182,200)	-	(2,182,200)
160	Total fixed assets, net of accumulated depreciation	845,002	-	845,002
171	Notes and mortgages receivable - non-current			-
172	Notes and mortgages receivable-non-current-past due			-
174	Other assets			-
175	Undistributed debits			-
176	Investment in joint venture			-
180	TOTAL NONCURRENT ASSETS	845,002	-	845,002
190	TOTAL ASSETS	924,772	-	924,772

	LIABILITIES AND EQUITY:			
	LIABILITIES:			
	CURRENT LIABILITIES			
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	1,793	-	1,793
313	Accounts payable > 90 days past due		-	-
321	Accrued wage/payroll taxes payable	2,667	-	2,667
322	Accrued compensated absence	11,374	-	11,374
324	Accrued contingency liability	-		-
325	Accrued interest payable			-
331	Accounts payable - HUD PHA program			-
332	Accounts Payable - PHA Project			
333	Accounts payable - other government	12,633	-	12,633
341	Tenant security deposits	17,000	-	17,000
342	Deferred revenues	3,026	-	3,026
343	Current portion of Long-Term debt - capital project		-	-
344	Current portion of Long-Term debt - operating borrowing			-
345	Other current liabilities	-		-
346	Accrued liabilities - other	-		-
347	Inter-program - due to	-	-	-
310	TOTAL CURRENT LIABILITIES	48,493	-	48,493
	NONCURRENT LIABILITIES:			
351	Long-term debt, net of current- capital project			-
352	Long-term debt, net of current- operating borrowing			-
353	Noncurrent liabilities- other	-		-
350	TOTAL NONCURRENT LIABILITIES		-	-
300	TOTAL LIABILITIES	48,493	-	48,493
	EQUITY:			
501	Investment in general fixed asset			-
	Contributed Capital:			
502	Project notes (HUD)			-
503	Long-term debt - HUD guarantee	-	-	-
504	Net HUD PHA contributions	-		-
505	Other HUD contributions			-
507	Other contributions	-		-
508	Total contributed capital	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	845,002	-	845,002
	Reserved fund balance			-
509	Reserved for operating activities			-
510	Reserved for capital activities	-		-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-
512.1	Unrestricted Net Asset	31,277		31,277
513	TOTAL EQUITY	876,279	-	876,279
600	TOTAL LIABILITIES AND EQUITY	924,772	-	924,772

Proof of concept

- - -

Wayne Housing Commission

31-Dec-05

MI-029

Combining Income Statement		Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	REVENUE:			
703	Net tenant rental revenue	169,427		169,427
704	Tenant revenue - other	-	-	-
705	Total tenant revenue	169,427	-	169,427
706	HUD PHA grants	97,301	18,448	115,749
708	Other government grants			-
711	Investment income - unrestricted	759	-	759
712	Mortgage interest income	-		-
714	Fraud recovery			-
715	Other revenue	-		-
716	Gain or loss on the sale of fixed asset	-2385		(2,385)
720	Investment income - restricted			-
700	TOTAL REVENUE	265,102	18,448	283,550
	EXPENSES:			
	Administrative			
911	Administrative Salaries	79,794	-	79,794
912	Auditing Fees	2,600		2,600
913	Outside management fee:			-
914	Compensated absence:	4,963		4,963
915	Employee benefit contributions-administrativ	37,783	-	37,783
916	Other operating administrative	22,295	-	22,295
	Tenant services			
921	Tenant services - salaries	-	-	-
922	Relocation costs		-	-
923	Employee benefit contributions- tenant service	-	-	-
924	Tenant services - other	-	-	-
	Utilities			
931	Water	10,214	-	10,214
932	Electricity	3,464	-	3,464
933	Gas	18,486	-	18,486
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	-		-
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	52,905	-	52,905
942	Ordinary maintenance and operations - materials & other	12,322	-	12,322
943	Ordinary maintenance and operations - contract cost	18,565	-	18,565
945	Employee benefit contributions- ordinary maintenance	24,692	-	24,692
	Protective services:			
951	Protective services - labor			-

[illegible]

WAYNE HOUSING COMMISSION
Status of Prior Audit Findings
December 31, 2005

The prior audit of the Wayne Housing Commission for the period ended December 31, 2004, contained no audit findings.

WAYNE HOUSING COMMISSION
Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
December 31, 2005

I have audited the financial statements of Wayne Housing Commission as of and for the year ended December 31, 2005, and have issued my report dated April 20, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Wayne Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Wayne Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. There are no reportable conditions or material weaknesses concerning financial reporting.

This report is intended for the information of management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

April 20, 2006

WAYNE HOUSING COMMISSION
Schedule of Findings and Questioned Cost
December 31, 2005

Summary of Auditor's Results:

Programs:

	<u>Major Program</u>	<u>Non Major Program</u>
Low income Public Housing		X
Capital Projects Funds		X

Opinions:

General Purpose Financial Statements-

Unqualified

Material weakness(es) noted	<u> </u> Yes	<u> X </u> No
Reportable condition(s) noted	<u> </u> Yes	<u> X </u> No
Non Compliance material to financial statements noted	<u> </u> Yes	<u> X </u> No

Report on compliance for Federal programs-

Unqualified

Material weakness(es) noted	<u> </u> Yes	<u> X </u> No
Reportable condition(s) noted	<u> </u> Yes	<u> x </u> No
Non Compliance material to financial statements noted	<u> </u> Yes	<u> X </u> No

Thresholds:

Dollar limit used to determine type A & B programs- \$ 300,000

The Auditee did qualify as a low risk auditee.

<u>Name of Federal Program</u>	<u>Major Program</u>	<u>Questioned Costs</u>	<u>Audit Finding Number</u>
Low Rent Public Housing	No	None	N/A
Capital Funds Programs	No	None	N/A